

State of California

Franchise Tax Board-Legislative Services Bureau
PO Box 1468
Sacramento, CA 95812-1468

Telephone: (916)845-4326
ATSS: 468-4326
FAX: (916)845-5472

Legislative Change No.**02-34**Bill Number: SB 1977Author: JohannessenChapter Number: 02-1108Laws Affecting Franchise Tax Board: Revenue and Taxation Code Section 24473.Date Filed with the Secretary of the State: September 29, 2002.

SUBJECT: Exempt Transfer of a Mutual Water Company Assets to a Community Services District

Senate Bill 1977 (Johannessen), as enacted on September 29, 2002, made the following changes to California law:

Section 24473 of the Revenue and Taxation Code is added.

This act facilitates the consolidation of water service with other community services, e.g., sewer, fire police, by clarifying that the transfer of an eligible mutual water company's assets to a community service district is tax-free to the company and the shareholders.

This act is effective immediately upon enactment and operative for taxable years beginning on or after January 1, 2002.

This act will not require any reports by the department to the Legislature.

Bureau Director

Roger Lackey for B.P.

Date

October 2, 2002